

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF NATURAL)	CASE NO. 2004-00456
ENERGY UTILITY CORPORATION)	

ORDER

On December 18, 1991, in Case No. 1991-00138, the Commission approved rates for Natural Energy Utility Corporation ("Natural Energy"), formerly American Natural Gas Corporation, and provided for their further adjustment in accordance with Natural Energy's gas cost adjustment ("GCA").¹

On November 29, 2004, Natural Energy filed its proposed GCA to be effective January 1, 2005.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Natural Energy's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Natural Energy proposed an expected gas cost ("EGC") of \$7.9515 per Mcf. Natural Energy incorrectly adjusted its EGC for line loss. Correcting for this error produces an EGC of \$7.8550, which is \$1.355 per Mcf more than the previous EGC of \$6.50.
3. Natural Energy's notice sets out no current quarter supplier refund adjustment ("RA"). Natural Energy's notice sets out no total RA.

¹ Case No. 1991-00138, Columbia Gas of Kentucky, Inc. vs. Kentucky-Ohio Gas Company, Order dated December 18, 1991.

4. Natural Energy's notice sets out a current quarter Actual Adjustment ("AA") of 2.2 cents per Mcf. Natural Energy incorrectly calculated its monthly cost difference. Correcting for this error produces a current quarter AA of (.16) cent per Mcf. Natural Energy's total AA is (12.89) cents per Mcf, which is 3.56 cents per Mcf more than the previous total AA.

5. Natural Energy's GCA is \$7.7261 per Mcf, which is \$1.3906 per Mcf more than the previous GCA of \$6.3355.

6. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing for service rendered by Natural Energy on and after January 1, 2005.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Natural Energy are denied.
2. The rates in the Appendix, attached hereto and incorporated herein, are approved for billing for service rendered on and after January 1, 2005.
3. Within 20 days of the date of this Order, Natural Energy shall file with the Commission its revised tariff sheets setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 21st day of December, 2004.

By the Commission

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2004-00456 DATED December 21, 2004

The following rates and charges are prescribed for the customers in the area served by Natural Energy Utililty Corporation. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES:

<u>Monthly</u>	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total Rate</u>
All Mcf	\$4.24	\$7.7261	\$11.9661

Minimum Bill

The minimum bill shall be \$11.9661